

Vol. 2, No. 2

Summer

# THE COMMUNITY LEADER'S LETTER

NEWS & VIEWS FOR SOUTH CAROLINA'S  
GRASSROOTS LEADERS



## U.S. TRAILS OTHER INDUSTRIAL NATIONS AS RURAL HEALTH CARE CRISIS DEEPENS

*See page 4 for a map of physicians per 10,000 county residents and a list of number of physicians per county.*

There is a national health care crisis in the United States. No nation spends as much of its Gross National Product on health care as does this country, but life expectancy and infant mortality rates in the U.S. are below those in other industrialized countries.

The health care problem is especially acute in rural areas. Fewer and fewer doctors are starting practices in rural counties, and some of those who have been practicing in rural counties are leaving. Fourteen S.C. counties have fewer than five doctors per 10,000 people. In some of these counties, Berkeley and Dorchester, for instance, residents are within easy

commuting distance of medical centers. But in others, such as Allendale and Hampton, residents not only have few local doctors but are a long way from places where there are a number of doctors.

The problem is complex. Years ago, doctors had relatively little invested in their medical educations. But today young physicians ready to hang up a shingle are usually heavily in debt, often as much as \$750,000. To pay off that debt and earn a reasonable return on their educational investment, doctors may need as much as \$80,000 per year above other expenses of their practices. That means they must practice in affluent urban communities. In

many rural counties in South Carolina a young doctor has almost no chance to recoup the investment made in a medical education.

small towns are often on call 24 hours a day, seven days a week. If they go on vacation, their patients may not have a local doctor available in an emergency. Finally, rural doctors often have no other doctors locally with whom they can consult and talk regularly. Being isolated, they find themselves becoming stale.

What can be done to improve health care in rural counties? Given the enormous investment now required to obtain a medical education, it is probably unrealistic to expect that rural counties can ever support the same number of doctors per capita as urban areas. Greater reliance for health care upon nurse-practitioners and medical paraprofessionals is one possible approach. These caregivers have less invested in training and can afford to work in places that cannot financially support a physician. By some estimates, as much as 90 percent of a physician's case load could be successfully assumed by trained care-givers other than M.D.s, providing a well-trained doctor were available for consultation and to treat truly difficult cases.

*Health Care Indicators,  
U.S. and Other Industrialized Countries, 1989.*

	Life Expectancy At Birth		Infant Mortality Per 1000	Health Spending, % of GNP
	Male	Female		
Japan	75.9	81.8	4.6	6.7
Germany	71.8	78.4	7.5	8.2
U.S.	71.5	78.5	9.7	11.8
Britain	72.4	78.1	8.4	5.8
France	72.4	80.6	7.5	8.7
Canada	73.0	79.8	7.2	8.7
Holland	73.7	80.0	6.8	8.3

*From The Economist, July 6th-12th, 1991, Health Care Survey, p 4.*

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ECONOMIC BRIEF NO. 5

## ***Human Capital & Community Prosperity***

Q. What do a rocket scientist, a photographer, and an insurance salesman have in common?

A. Specialized knowledge and skills called human capital.

*Human capital is perhaps the single most important factor influencing economic growth and community prosperity. This special kind of capital comes from investments enhancing human potential.*

*The most common investment in human capital which increases future production is education. A person who studies hard to become a medical doctor is making an investment that increases future productive capabilities. Vocational education and informal learning can be thought of as human capital formation, too. A farm youngster who learns from a parent about care of livestock or planting a crop is investing in human capital. The instilling in children of good work habits is human capital formation.*

*Medical care that improves*

**In the modern global economy, communities that have or can attract human capital will prosper . . .**

*health and, thereby, increases the productivity of individuals and good nutrition that allows individuals to realize their full genetic potential also increase human capital. In short, any sacrifice of current desires in order to make human beings more productive in the future contributes to the stock of human capital.*

*As a rule, humans will not forego satisfying their immediate desires unless they can expect a considerable reward. The ex-*

*pected returns have to be sufficient to bribe persons into deferring gratification and to induce them to run risks.*

*The greatest risks arise from changes in supply and demand. People can go to great expense to acquire skills only to find that the market no longer demands them or that the skills have become so plentiful that they no longer command much market return. Typing skills used to be scarce and in sufficient demand to command a good return on investment in learning to type, but today the demand is for computer word processing skills. To maintain a stock of human capital, some part of the returns must be set aside for continuing education and retooling of skills.*

*Generally, human beings will seek to use their human capital to maximize their returns by moving to where jobs are.*

*The greater the amount of scarce human capital embodied in an individual, the more mobile that individual tends to be. High tech firms needing sophisticated, scarce human capital have found it's best to locate where such persons want to live.*

*What kind of places are these? Some people prefer places of urban sophistication like Boston, Washington or the San Francisco Bay area. But others want small towns like Santa Fe, Chapel Hill or Oak Ridge. In general, being an*

*hour's drive from an airport with good connections to the larger world is a must. So, too, are good schools that have proven they can prepare students for admission to top-flight universities and an environment where people are judged on their own merits, not their race or religion. Only if these conditions are met, are good climate with opportunities for outdoor recreation; access to good medical care and museums, concerts, and plays; a clean, neat community appearance; and efficient, corruption-free local governments locational pluses.*

*In the modern global economy, communities that have or can attract human capital will prosper; those that do not will experience a long painful decline into chronic poverty.*

*Some S.C. communities because of accident of location or other uncontrollable circumstances will not be able to make the transition to a human capital economy. But fortunately, most have reasonable access to airports and larger cities with vigorous cultural attractions. Major problems for South Carolina in attracting human capital and securing an economic future are unresolved racial tensions, poor schools, litter and general unattractive appearances, and inefficient and sometimes corrupt local governments. All of these problems can be remedied by committed local leaders.*

## Survey Answers Say Failure Of Public Education Most Serious Community Problem In The State

A failure of public education stands out as the most serious community problem in South Carolina, according to the responses of readers of this newsletter to a questionnaire included in a recent issue.

Seventeen percent of the readers responding to the survey said that failure of public education was the most serious problem in their communities. Breakdown of families is

considered the most serious problem by 11 percent of the respondents, inefficiency in government by 9.6 percent, and poor health care by 7 percent.

Almost half of the respondents (46.9 percent) indicated increased crime was a serious problem, but only 3.5 percent rated it the most serious problem in their communities. Newsletter readers who are

public officials were more prone than other readers to see crime as a problem. Residents of small towns and rural areas were more likely than others to see rising taxes and access to health care as serious problems.

The survey questionnaire was returned by 573 readers, of whom 63 percent described themselves as concerned private citizens. Of those returning the questionnaire, 23.4 percent were elected officials and 13.4 percent were government employees. About one quarter of the respondents live in metropolitan areas, about 20 percent in cities between 10,000 and 50,000 population, and the remaining 55 percent in small towns or unincorporated rural areas.

## STInstitute Sponsors User Fee Workshop October 29 at Columbia Sheraton Hotel

User fees and special service fees as options for funding government services are the focus of an October 29 workshop in Columbia at the Sheraton.

Information on the legal aspects of implementing such fees and the types of services which can be financed with fees will be provided. Step-by-step procedures for implementing fee systems and developing appropriate pricing systems will be presented.

Speakers will be local government officials with practical experience with fee based services. A how-to reference kit for implementing various fees will be furnished to attendees.

For registration information contact Brett Dalton at the Strom Thurmond Institute. A fee of \$35.00 includes lunch

and all materials. The event is cosponsored by the Municipal Association of South Carolina, SC Association of Counties, and SC Association of Special Purpose Districts.

## New Accounting Water/Sewer System Guide Outlines Procedures for Local Government

A 46-page manual recently published by the Strom Thurmond Institute outlines proper financial and accounting practices for small water and sewer systems.

*Accounting Guide for South Carolina Water Districts* includes four chapters on suggested accounting practices which discuss the statement of revenues, expenses and changes in retained earnings; the balance sheet; the statement of cash flows; and additional disclosures. The final chapter describes cost accounting for small water and sewer systems. Six prototype reports are presented in the guide as well as graphs for budget development.

E. Lewis Bryan, a professor in the school of accountancy in the college of commerce and industry at Clemson University, prepared the guide. The guide is available for \$4.00 from the publications department of the Strom Thurmond Institute.

The Community Leader's Letter is printed four times a year. It is the newsletter of the Community & Economic Development Program at Clemson University, a joint program of the Strom Thurmond Institute, the Cooperative Extension Service, and the South Carolina Agricultural Experiment Station. The program's offices are located in the Institute's facility on the Clemson University campus.

James Hite, Interim Program Coordinator  
Ada Lou Steirer, Research Associate

Persons wishing to be added to the newsletter mailing list or seeking information about the program may call 803 656-4700 or write to the address on p.4.

## Physicians Per 10,000 County Residents

### PHYSICIANS PER COUNTY:

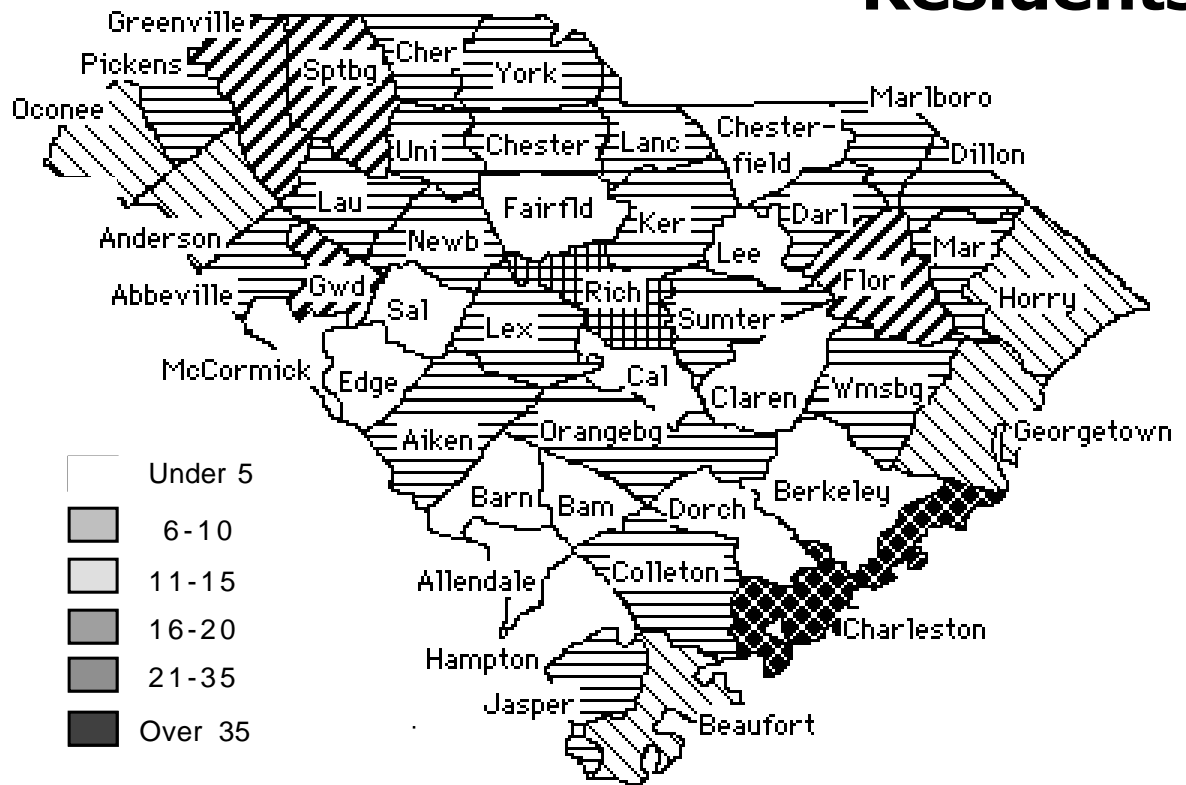
**Over 150—**  
Anderson,  
Charleston,  
Florence, Green-  
ville, Richland,  
Spartanburg.

**101-150—**Aiken,  
Beaufort, Green-  
wood, Horry,  
Lexington, York.

**61-100—**Oconee,  
Orangeburg,  
Sumter.

**31-60—**Cherokee,  
Darlington,  
Dorchester,  
Georgetown,  
Kershaw, Laurens,  
Pickens.

**11-30—**Abbeville,  
Berkeley, Ches-  
ter, Chesterfield,  
Clarendon, Colle-  
ton, Dillon,  
Lancaster, Mari-  
on, Marlboro,  
Newberry, Union,  
Williamsburg.



**1-10—**Allendale, Bamberg, Barnwell, Calhoun, Edgefield,  
Fairfield, Hampton, Jasper, Lee, McCormick, Saluda.

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